

ROLE OF AGRICULTURAL CO-OPERATIVE STRUCTURE IN INDIA

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ABSTRACT

Agriculture is very important for Indian peoples. Nearly 70% of Indian population being dependent on agriculture. In the ancient days' farmers sold their goods directly to the consumers against cash basis or barter exchange. But in this global scenario when there is a modern change in every field of activities. How can this field of agriculture escape? The topic of the research includes the words a co-operative society, agriculture and marketing. These three are different term which works for each other. And if there are development in one than it develops other also.

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INTRODUCTION

Co-operatives have played a tremendous role in making Indian agriculture a success story. They help farmers to solve a number of farming problems such as securing precious credit, getting production input, storage of agricultural produce and disposing off the same. The aim of the study is to discuss the structure of co-operatives in India in detail. Various development activities in agriculture, small industry marketing and processing, distribution and supplies are now carried on through co-operatives. The co-operatives in the State have made an all-round progress and their role in, and contribution to agricultural progress has particularly been significant. The schemes regarding the construction of godowns and the conversion of villages into model villages have assumed great importance in the wake of the Green Revolution.

The Co-operative Movement was introduced into India by the Government as the only method by which the farmers could overcome their burden of debt and keep them away from the clutches of the money-lenders. The Co-operative Credit Societies Act, 1904 was passed by the Government of India and rural credit societies were formed. Through the

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appointment of registrars and through vigorous propaganda, the Government attempted to popularize the Movement in the rural areas. Within a short period, the Government realized some of the shortcomings of the 1904 Act and, therefore, passed a more comprehensive Act, known as the Co-operative Societies Act of 1912. This Act recognized non-credit societies also. But the rural credit societies have continued to be predominant till now.

1.1 Agricultural Credit Co-operative Structure

Agricultural credit societies are the kernel of the cooperative movement in India. They are the very foundation stone of the co-operative credit structure and constitute to be the largest number of co-operative institutions in India. The object of these societies show a good deal of variation. Most of them have however, been organized with a view to provide credit facilities and to inculcate the habit of thrift and economy among their members. Different bodies of agricultural credit co-operatives are described here.

1.2 National Bank for Agriculture & Rural Development

The National Bank for Agriculture and Rural Development (NABARD) is the apex organization with respect to all matters relating to policy, planning and operational aspects in the field of credit for the promotion of agriculture, small scale industries, cottage and village industries, handicrafts and rural crafts and other allied economic activities in rural areas. The bank provides refinance to various banks for agriculture and rural development.

1.2.1 Functions

The main functions of NABARD are as follows.

1. Provide production and marketing credit to state co-operative banks, regional rural banks, or to any financial institutions which are approved by Reserve Bank of India.
2. Carry out the conversion loan for production credit.
3. Rescheduling of loans of artisan, small-scale industries, etc.
4. Carry out purchase and sales of shares.
5. Provide loans to state governments for share capital contribution.
6. Ensure security of credit.
7. Make available direct loans to financial institutions and governments.
8. Issue guarantees.

1.3 State Co-operative Bank (SCB)

The structure of the co-operative credit societies in India is three-tiered and federal in character consisting of Primary Agricultural Credit Societies (PACS) at the base level, the District Central Co-operative Banks (DCCB) at the district level and the State Co-operative Banks (SCB) at the state level. SCB act as the apex bank.

The fundamental objective of an apex bank is to act as a balancing centre, clearing house and a financing agency of the co-operative institutions working within a state. They are authorized to receive surplus funds from the co-operative institutions such as central banks and urban credit societies. The main functions of the State Co-operative Banks can be summed up as follows.

1. They act as the balancing centers for the resources of the co-operative in the states.
2. They co-ordinate the co-operative policy at the state level.

3. They play a pivotal role in the formulation and execution of credit policies for the co-operative movement as a whole.
4. They establish and maintain contact with the money market and the Reserve Bank.
5. They act as an investment agency for the affiliated central banks.
6. They supervise and guide the activities of the central banks.
7. They act as a friend, philosopher and guide to the co-operative movement.

1.4 District Central Co-operative Bank (DCCB)

The DCCB occupies a position of cardinal importance in the co-operative credit structure. They form an important link between the apex co-operative bank and the primary agricultural credit societies (PACS). The success of the co-operative credit movement largely depends on their financial strength.

The DCCBs, were established to finance the primary societies and to act as their balancing center. They stand at the intermediate stage in the structure of the co-operative movement in the country. The mobilization of funds at the international level is carried out by these banks and they extend the financial facilities to the primary units. The main functions of the DCCB, are stated here.

1. Finance the affiliated PACS in their areas of operation for agricultural and non-agricultural sector.
2. Act as a balancing centre for the resources of the PACS in the pyramidal structure of co-operative credit.
3. Attract local deposits by creating confidence in the minds of the local people.
4. Supervise the working and management of the affiliated PACS and to train members in the principles of co- operation.
5. Help in the development of the co-operative movement on sound lines by all possible means in the area of their operation.

1.5 The Primary Agricultural Credit/Service Societies

The agricultural co-operative credit structure in the Punjab State is broadly divided into two sectors, one dealing with the short-terms and medium-terms finance and the other with the long-term credit. In the State, the short-term and medium-term credit structure is based on a three-tier system, i.e., the Apex Co-operative Bank at the State level, the Central Co-operative Bank at the district/tehsil level and the Primary Agricultural Credit Societies at the village level.

The major objectives of the primary agricultural credit service societies are to supply agricultural credit to meet the requirements of funds for agricultural production, the distribution of essential consumer commodities, the provision of storage and marketing facilities and for light agricultural implements and machinery.

Owing to an increasing emphasis on the development of land and agriculture, long-term co-operative credit has assumed great importance. There is the Punjab State Land Mortgage Bank at the Apex and the Punjab Mortgage Bank at the district/tehsil level. These Primary Land Mortgage Banks advance loans to the farmers for long term purposes.

At the operational level, there exists a primary co-operative to extend credit to the farmer. This unit epitomizes the vitality and service potential of the Co-operative Movement in India. The organization of these societies dates back to 1904, when the first Co-operative Societies Act was passed. These societies were started with the object of

providing cheap credit to the agriculturists in order to free them from the clutches of the rapacious money-lenders. The agricultural primary credit society is the foundation-stone on which the whole co-operative edifice is built. Even now these societies dominate the co-operative picture.

The first Agricultural Credit Society in the Firozpur District was registered on 4 October 1911, at the Village of Khalchi Kadim in the Firozpur Tehsil. Originally, the movement was confined to the credit societies only and, thus, credit dominated till the partition (1947). After the partition, the Co-operative Movement began to spread to other field, viz., labour, construction and farming.

1.6 Land Development Banks (LDB)

The farmers need three types of credit such as:

1. Short-term: For purchase of seeds, fertilizers, pesticides and to meet seasonal and family requirements of farmers.
2. Medium-term: For purchase of bullocks, milch cattle, improved implements and betterment of land and wells etc.
3. Long-term: For permanent improvement on land, construction of wells and tanks, installation of pumping sets and other water lifting facilities, purchasing of tractors and redemption of prior debts.

The only solution for providing adequate, cheap and efficient long term credit to the agriculturists appeared to be through the establishment of land mortgage banks whose main objective would be to attract long term loans and invest them in long period advances against mortgage of land.

These banks have reoriented their loan policies and are giving increasing attention to agricultural development, and that is why they are now called land development bank. Land Development Bank has two tier pattern

- (1) The Primary LOB; at the base, and
- (2) The Central LOB; at the top level.

1.7 Agricultural Non-Credit Societies

While credit is and must remain for some time the chief concern of the Co-operative Movement relatively slow, since 1912, when the non-credit societies were brought officially under the aegis of the Movement. The World War II (1939-45) came as a God send boon with respect to the development of the Co-operative Movement. Prices of agricultural goods began to rise and touched new peaks. The repayment of loans was accelerated and deposits began to pour in. The number of societies also rose. Another interesting development in co-operative during the War was the extension of the Movement to non-credit activities, viz. Consumer's co-operative marketing societies, consolidation societies, etc.

CO-OPERATIVE FARMING SOCIETIES

The Royal Commission on Agriculture in 1928 observed that if co-operation failed, there would fail the hope of the Indian agriculturist. Co-operative farming is a compromise between collective farming and the peasant proprietorship and gives all merits of large-scale farming without abolishing private property. It implies an organization of the farmers on the basis of common efforts for common interests. Under this system, all landowners in a

village form a co-operative society for tilling the land. The land is pooled, but each farmer retains the right of property. The produce is distributed by each. They are allowed to withdraw from the co-operative farm whenever they desire. In India, the exceedingly small size of holdings is perhaps the most serious defect in our agriculture. If agriculture has to be improved, the size of the holdings must be enlarged.

There are four types of co-operative farming societies as described below.

2.1 Co-operative Better Farming Societies

In this type of society, members retain their individual holdings but agree to follow a plan of cultivation laid down by the society. Farmers join together for meeting some specific common process of cultivation or for joint purchase and distribution of improved seeds, fertilizers, implements etc. But joint cultivation is not obligatory and each member cultivates his own land and takes his profit or bears his loss.

2.2 Co-operative Tenant Farming Societies

In such a society, large area of land is procured either by purchase or on lease or free-hold and then the entire land is divided into small plots and each plot is allotted to a tenant cultivator, who is its member. He is entitled to the produce of this land but he has to pay a stipulated rent to the society.

The society undertakes the supply of credit, seeds, manure and heavy agricultural implements.

2.3 Co-operative Joint Farming Society

In this type of society, land holders (whether tenants or owners) pool their small plots of land for joint cultivation. The proprietorship of such plots rest with the owner, of the land. Joint cultivation is done on the pooled land in accordance with the programme decisions which are taken by the committee of the society.

Each member gets wages for his daily labour, irrespective of the ownership of land. The produce raised is disposed off collectively.

2.4 Co-operative Collective Farming Society

In this type of society, land is held in free-hold or lease hold and cultivation is undertaken jointly. After the formation of such society, the land becomes the property of the collective farm and the members lose their individual ownership. The produce is raised collectively and distributed among members in proportion to labour and other resources contributed by them. Each member receives wages for the work done by him. Net profits are divided in proportion to wages earned by each member.

CO-OPERATIVE MARKETING STRUCTURE

According to Reserve Bank of India (RBI) a co-operative marketing society is an association of cultivators formed primarily for the purpose of helping the members to market their produce more profitably than possible through the private trade. It is a voluntary business organization established by its members for marketing farm products collectively for their direct benefit.

The broad aim of co-operative marketing society is to rationalize the whole marketing system so that it may be beneficial to the producer. Its immediate objective is to

strengthen the bargaining power of the cultivator so as to secure him better prices, to eliminate middlemen, to provide him the needed finance, to persuade him to grow better quality of products, and to stabilize prices by an orderly and judicious supply of commodities in the market.

The co-operative marketing structure is federal in character and pyramidal in structure.

- National Agricultural Co-operative Marketing Federation (NAFED) (National level)
- State Co-operative Marketing Federation (SCMF) (State level)
- District or Regional Marketing Society (DMS) (District or Regional level)
- Primary Marketing Societies (PMS) (Base level)

3.1 Co-operative Processing Structure

Co-operative processing provides a wide base and becomes a focal point for the development of agro-industries in the rural areas. It is also essential for the development of cooperatives. A processing society can offer a number of advantages to the rural people. Firstly, it can help in the decentralization of industries. Secondly, it may be cheaper because of low wages of labour, low rent of building and low cost of transportation. Thirdly, the, by-products can also be used in the rural areas. Lastly, it would help in reducing unemployment among the rural masses.

In India, processing units established in the co-operative sector represent three distinct patterns.

1. Units established as adjunct to co-operative marketing societies.
2. Units established by independent processing societies.
3. Units established as secondary processing units, which have been established by a group of primary processing societies.

Large units such as sugar factories, oilseed solvent extraction plants, spinning mills, etc., come under the second category. Medium and small units, such as rice mill hullers, oil mills, jute making units and cotton ginning and processing units, mostly fall under the first category.

The co-operative processing units have their own state level and federal organizations in respect of some commodities. They are also supported by several government agencies, most important among them is National Co-operative Development Corporation (NCDC).

The membership of co-operative processing units consist of primary agricultural producers, workers, co-operative marketing societies, central banks etc. Service co-operatives located in the area are also admitted as member to establish link between co-operative credit and co-operative processing.

The major co-operative processing units in India are:

1. Sugar co-operatives
2. Fruits and vegetable co-operatives
3. Co-operative cold storage
4. Co-operative processing of plantation crops
5. Rice mills co-operatives
6. Cotton processing co-operatives
7. Co-operative spinning mills
8. Co-operative jute mills
9. Co-operative oil seeds processing units

OTHER AGRICULTURAL CO-OPERATIVES

Apart from the major agricultural co-operative structures, as mentioned earlier, there are other co-operative structures which deal with specific enterprises of farming community. These are described here.

4.1 Dairy Co-operatives

The first dairy co-operative society was registered in 1913 at Allahabad in V.P. and was called “Katra Co-operative Dairy Society”. Soon after a number of dairy co-operative societies were registered at Baroda, Belgaum, Calcutta, Dhulia, Hubli, etc. These were, however, small societies mainly formed with a view to meet the demand of milk for the people residing in specified area in which the society was operating.

The present co-operative dairy system in the country is a two tier system.

1. Primary village co-operative societies or primary milk producer’s co-operatives at the village level as basic unit.
2. Milk supply unions at the district level.

In some states, state level federations are also functioning and at national level there is National Co-operative Dairy Federation (NCDF). This can be represented as the chart given here.

- National Co-operative Dairy Federation (National level)
- State Co-operative Dairy Federation (State level)
- District/Regional Milk Supply Union (District level)
- Primary Milk Producers Co-operatives or
- Primary Village Co-operative Society (Base level)

The main object of the primary societies is to help the members to increase their milk production and arrange for the profitable sale of milk and milk products in the market. They also provide full range of technical services, they serve as the retail outlet for the sale of balanced cattle feed and fodder seeds. Milk supply societies at the district level provide micro inputs like veterinary health care, artificial insemination programme, manufacture of cattle feed and the extension services. For further details on dairy co-operatives, refer booklet No. 105,

4.2 Fishery Co-operatives

The Development of fishery industry offers big opportunity for exploitation of fishery resources of coastal as well as inland waters. Although the potential for the fish production in the country is estimated to 10 million tonnes annually, the present level of production is less than 2 million tonnes. The importance of fishery co-operatives lies in rendering economic assistance to the dispersed and disorganized fishermen, whose dependence on merchants and middlemen is even greater than farmers.

Broadly, the types of fisheries co-operatives in different states are as given below:

1. Fisheries credit societies
2. Fish Producers co-operative societies,
3. Fish consumer’s societies:
4. Prawn-curer’s society
5. Marketing federations
6. Apex societies

4.3 Poultry Co-operatives

Development of poultry activities in the co-operative sector has been recognized as an important programme for benefiting small farmers. By the end of June 1982, there were over 1271 primary poultry co-operative in the country with a membership of 73581. Many of these co-operatives are small and not functioning effectively due to limited support from high level marketing organisations and lack of adequate working capital for marketing the products.

Now NCDC has formulated an Integrated Poultry Project Programme, which has provision for common facilities for rearing poultry birds under a common shed, feed, mixing unit, hatchery, storage of eggs and also for marketing the poultry products. Primary poultry societies under the project will provide input services and training to farmers on scientific poultry farming.

4.4 Co-operative Cattle Societies

Co-operative Cattle Societies are formed by farmers, who willingly join together to take advantage of the technical advice and breeding of their cattle. Such societies usually undertake following functions for their members:

1. Propagate the necessity and importance of cattle breeding;
2. Provide the supply of improved breed through stud-bulls and help in improving the general breed of the members milch cattle;
3. Supervise the feed, grazing and breeding of cattle by providing requisite assistance; and
4. Undertake the supply of fodder and salvage of dry cattle.

4.5 Forest Labour Co-operatives

Forest Labour Co-operatives generally consist of wood- workers, timber men, etc., organized under a foreman, who undertake work on contract, usually in public owned forests. They not only undertake processing, sawing wood seasoning work but also engage themselves in the direct exploitation of forests. The forest labour co-operatives need to be developed to:

1. Prevent exploitation of forest laborers by private contractors; and
2. Uplift the tribals and other backward classes working as forest laborers.

CONCLUSION

The Co-operative marketing has conferred multifarious advantages on the farmers. Due to ignorance and illiteracy often farmers have to face well-organized mass of clever intermediaries. But since farmers join hands and form Co-operative societies, they are less prone to exploitation and malpractices. Now, instead of marketing their produce separately, they market it together through one agency. This has increase their bargaining vis-à-vis merchants and intermediaries. The Marketing Co-operative Societies in Maharashtra provide credit to the farmers to save them from the necessity of selling their produce immediately after harvesting. It ensures better returns to the farmers. The Co-operative marketing societies generally have storage facilities. Thus the farmers can wait for better prices and their products are out of the danger from rains, rodents and thefts. Bulk transport of agricultural produce by the societies is often easier and cheaper, which reduces

cost and botheration of transporting produce to the market. A strong marketing co-operative have achieved, better prices for agricultural produce.

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